MACC
MANITOBA AGRICULTURAL CREDIT CORPORATION

Manitoba
Agriculture

# Annual Report
# 1986 - 87

## Manitoba
## Agricultural Credit
## Corporation

# Manitoba

**Minister of Agriculture**

Room 165
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

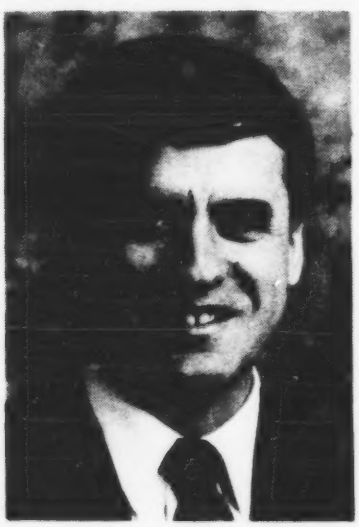
To His Honour,
George Johnson,
Lieutenant-Governor of Manitoba.

Your Honour:

I have the honour to submit herewith the Report of the Manitoba Agricultural Credit Corporation for the period April 1, 1986 to March 31, 1987.

Your obedient servant,

Leonard E. Harapiak,
Minister of Agriculture



MACC
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Manitoba
Agriculture

Honourable Leonard Harapiak
Minister of Agriculture
165 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Harapiak:

I have the honour to herewith submit the Annual Report of The Manitoba Agricultural Credit Corporation and the Financial Statements for the fiscal year ending March 31, 1987.

Yours respectfully,

Olafur P. Sigurdson
Chairman
Manitoba Agricultural
Credit Corporation

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# The Manitoba Agricultural Credit Corporation

## Board of Directors

| | |
|---|---|
| Olafur P. Sigurdson | Chairman |
| Hazel Allan | Vice-chairwoman |
| Henry Reske | Board Member |
| Lawrence Bell | Board Member |
| Nelson St. Goddard | Board Member |
| Patricia Barry | Secretary |

## Officers

| | |
|---|---|
| Neil A. Potter | General Manager |
| J. David Bilsland | Director, Finance and Administration |
| Douglas A. Parnell | Director, Credit Administration |
| Edwin R. Poore | Director, Program Planning,Development and Evaluation |
| Albert W. Todosichuk | Director, Field Operations |
| Oli P. Josephson | Director, Fisherman's Loans |



## Financing of the Corporation

Since its first year of operation in 1959, the Corporation has borrowed its capital from the Province of Manitoba. The capital funds remained with the Corporation to be re-used for lending purposes and the interest on this capital was paid annually to the Province.

Commencing in 1977, arrangements were made to repay capital advances together with interest charges over an amortized period consistent with the term over which these monies were loaned.

### Balance Sheet

### Deficit Account

Fiscal 1985-86 brought about a change in the method of funding provided to the Corporation by the Province. This change eliminated any further funding of the Corporation's allowance for doubtful accounts and required a return to the Province of funds provided on the allowance prior to March 31, 1985.

Because of this funding change, the Corporation continues to experience an annual excess of expenditure over revenue caused by increases in the Corporation's accumulated allowance for doubtful accounts in excess of bad debt write-offs. The increase in the deficit account of $2,906,098 is represented by the increase in the allowance of $4,927,793 less accounts written-off of $2,021,694.

### Statement of Revenue and Expenditure

The net costs of operation of the Corporation were $10,423,354 in the year under review compared with $7,344,266 in the previous year, the net increase being primarily due to increasing bad debts (allowance provided) and Guaranteed Loan losses less decreasing Young Farmer Rebates. To offset these net costs of operation, the Province of Manitoba, via the appropriations of the Department of Agriculture, contributed $7,517,256 resulting in an operating excess of expenditures over revenue of $2,906,098 for 1986/87 due to the change in funding policy herein outlined, compared with $2,284,672 in 1985/86.

In the Fish Program, the Province covers the administration costs and net interest costs of the Fisherman's Loan Program via an appropriation of the Department of Natural Resources. The net costs covered amounted to $379,756 for 1986/87, compared with $379,600 provided in the previous fiscal year.

## Operations Review

**Active MACC Accounts**
**As At March 31, 1987**

| | | |
|---|---|---|
| 1. | Direct Loan Accounts | 5617 |
| 2. | Mortgage Purchase Accounts | 254 |
| 3. | Corporate and Co-operative Loan Accounts | 33 |
| 4. | Crown Land Purchase Accounts | 132 |
| 5. | Stocker Accounts | 179 |
| 6. | Manitoba Beef Stabilization Accounts | 234 |
| 7. | Refinancing Program — Regular | 140 |
| 8. | Refinancing Program — Corporate | 16 |
| 9. | Part-time Farmers Accounts | 24 |
| 10. | Manitoba Interest Rate Relief Accounts | 1137 |
| 11. | Beef Producers Income Assurance Plan Accounts | 47 |
| 12. | Guaranteed Loan Accounts | 1030 |
| 13. | Long Term Lease Accounts | 74 |
| 14. | Short Term Lease Accounts | 93 |
| 15. | Farm Diversification Loan Accounts | 335 |
| 16. | Emergency Fodder Loan Accounts | 3 |
| 17. | Livestock Grant Accounts | 4 |
| 18. | Disaster Relief Accounts | 8 |
| 19. | Fisherman's Loan Accounts | 1193 |
| | Total: | 10,553 |

## Loan Activity

During the 1986/87 fiscal year, the Corporation's agricultural lending activities totalled $66,378,411, an increase of $378,842 from the previous fiscal year's $65,999,569.

Direct loan lending activity increased by $4,929,212 due to lower interest rates, offset by a decline in the Refinancing Program of $3,771,040 due to the partial elimination of the advantage of low interest rates afforded by that program in the previous fiscal year. Increases of $937,136 in the Stocker Program, Part-time Farmer loans of $857,000 and Corporate loans of $762,374 offset by decreases of $1,600,264 in the Beef Stabilization Program, $1,470,000 in the Guarantee Program and $1,147,067 in the Interest Rate Relief Program, account for most of the balance of the small net increase.

The present world farm economic situation appears responsible for the decline of lending activity from the levels experienced in the 1983/84 and 1984/85 fiscal years.

One new guarantee program, FarmStart, to facilitate land purchases by beginning farmers was introduced late in the fiscal year. No guarantees were issued by the Corporation under this program during 1986/87.

## Direct Loans

Since its inception in July of 1978, the current Direct Loan Program has generated a loan volume of $201.6 million with $115.8 million of this amount used for land purchases.

Of the $20.7 million approved in direct loans during 1986/87, 64% was used to purchase land, 28% for consolidation of debts, 4% for permanent improvements to land and buildings and the remaining 4% for equipment, livestock and other purposes. Young farmers were recipients of 98% of the proceeds of direct loans.

## Refinancing Program

This program, which was introduced during 1985/86, will provide a total of $20,000,000 in loans to farmers or corporate farms which are in financial difficulty at a subsidized interest rate of 9-3/4% for the first five years of the loan. After expiry of the first five year term the interest rate will be the Corporation's regular lending rate at the time the loan was made.

During the 1986/87 fiscal year, activity in this program amounted to 33 approvals for farmers totalling $4,008,446 and 2 approvals for corporate borrowers totalling $462,407, bringing total approvals to date to $11,021,409 and $1,691,337 respectively.

## Part-time Farmer Program

This program was also introduced in the 1985/86 fiscal year. The program is designed to provide loan assistance at regular lending rates to part-time farmers who intend to become principally occupied in farming within ten years.

Loan approvals for 1986/87 under the Part-time Farmer Program totalled $1,083,600 for 17 loans.

## Corporate and Co-operative Loans

During the year under review, $987,188 was approved for 4 loans to corporations. In addition, 3 performance bond guarantees were renewed in the amount of $283,891.

## Stocker Program

The Stocker Program was designed to provide cattle inventory financing to qualified livestock producers, and was introduced on July 9, 1975 by the Corporation. During the year, there were 132 loan approvals totalling $4,075,439 for the purchase of 8,526 head of cattle. From inception of the program to March 31, 1987, a total of 979 applications have been approved for 55,867 head of cattle with a value of $19,609,311.

## Crown Land Loans

During 1980/81, the program was introduced to provide mortgage money to lessees of Crown Lands to purchase the leased land. During 1986/87, 7 loans were approved in the amount of $102,110. Total volume under this program is 142 loans for $1,934,959.

## Manitoba Beef Stabilization and Marketing Plan Loans

This program was introduced October 17, 1982, to provide financing for farmers who desire to raise their calves to a stocker or slaughter weight. Financing is available in the form of cash advances, custom feeding loans and loans for facility and production improvements.

During the year, 200 loans were approved in the amount of $3,041,666. Total loans approved under this program to date is 1068 for $16,645,868.

## Manitoba Interest Rate Relief Program

The program was introduced February 15, 1982, to provide direct assistance for Manitoba farmers in difficulty due to high interest rates and to provide financial counselling through Manitoba Agriculture. The program is now in the collection phase, with no new applications being accepted.

During 1986/87, 5 applications were approved under this program. First and second year payments of $36,682 were made to these clients. As at March 31, 1987, payments under the program have totalled $12,147,404.

### Beef Producers Income Assurance Loans

During 1980/81, this program was introduced to make possible termination of the Manitoba Beef Producers Income Assurance Plan agreements by those producers who wished to terminate their contracts but did not have the money available to pay them out.

Since inception of the program, 83 loans totalling $115,481 have been approved.

### Guaranteed Loans

The Specific Comprehensive Guaranteed Loans Program enables the Corporation to fully indemnify the S.C.G.L. lender from loss after all loan security has been liquidated and all other loan conditions have been complied with.

During the year, no loans were approved under this program. To March 31, 1987, the total activity under this program was 31 loans for $2,124,061. One claim of $100,764 was paid during the 1986/87 year.

Under the 10% Cumulative Guarantee Program, the Corporation guarantees each lender's loss to a maximum of 10% of the total loans approved during specific time periods.

During the year, no new loans were approved and no claims were paid. Total payments under the 10% Cumulative Guarantee Program to date are $737,533.

Effective April 1, 1983, a new Guaranteed Operating Loan Program was introduced. Under this program, the Corporation guaranteed 12.5 % of the aggregate total guaranteed to each participating lending institution. The program carries a maximum of $125,000 per loan and $100,000,000 aggregate total to all participating lending institutions.

During the year, 490 loans totalling $30,773,500 were approved. Claims paid or pending under this program totalled $2,696,315 during 1986/87.

## Land Lease Program

On October 16, 1977, the Corporation discontinued accepting applications for sale of land to the Corporation for leasing purposes. Under the program, the Corporation had acquired a total of 223,600 acres at a cost of $22.6 million.

During 1986/87, one sale was made to a lessee under the terms of the purchase option clause in the lease agreement. Seventeen other sales were made by public tender.

## Fisherman's Loans

During the year, the Corporation approved 1046 loans totalling $3,492,234. Total loans approved since inception of the program is $26,510,373.

To date, the Fisherman's Loan Program has been used by 2631 clients. Because a high percentage of these fishermen (approximately 88% in 1986/87 and 93% in 1985 86) are returning for supplemental loans every one to two years, it appears that they are making use of this program for their revolving credit needs for capital purchases.

## Fisherman's Loan Approvals — Total Province

For Five Years Ended March 31, 1987

| | 1982-83 | 1983-84 | 1984-85 | 1985-86 | 1986-87 |
|---|---|---|---|---|---|
| Number | 1065 | 953 | 926 | 993 | 1046 |
| $ Amount | 2,525,364 | 2,113,559 | 2,322,464 | 2,595,025 | 3,492,234 |

## MACC Summary of Activity

(Compared with Previous Fiscal Year)

| | 1985-86 | | 1986-87 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Direct Loans | 286 | 15,749,755 | 322 | 20,678,967 |
| Corporate & Co-operative Loans | 2 | 224,814 | 4 | 987,188 |
| Stocker Loans | 111 | 3,138,303 | 132 | 4,075,439 |
| Crown Land Loans | 6 | 49,155 | 7 | 102,110 |
| Manitoba Beef Stabilization Loans | 291 | 4,641,930 | 200 | 3,041,666 |
| Refinancing Program — Regular | 71 | 7,012,963 | 33 | 4,008,446 |
| — Corporate | 6 | 1,228,930 | 2 | 462,407 |
| Part-time Farmers | 2 | 226,600 | 17 | 1,083,600 |
| Manitoba Interest Rate Relief | | | | |
| Loans — 1st year payments | 7 | 35,551 | — | 379 |
| — 2nd year payments | 206 | 1,148,198 | 5 | 36,303 |
| **TOTAL** | 988 | 33,456,199 | 722 | 34,476,505 |
| Guaranteed Loans | 554 | 32,243,500 | 490 | 30,773,500 |
| Land Sales | 6 | 299,870 | 18 | 1,128,406 |
| **TOTAL** | 1548 | 65,999,569 | 1230 | 66,378,411 |
| Fisherman's Loans | | | | |
| — Administered by MACC | | | | |
| for Department of Natural Resources | 993 | 2,595,025 | 1046 | 3,492,234 |
| **TOTAL** | 2541 | 68,594,594 | 2276 | 69,870,645 |

Table I

## Approved Direct Loans by Purposes

***Percentage Comparison***

For the Five Years Ended March 31, 1987

| | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986–87 | |
|---|---|---|---|---|---|---|
| | % | % | % | % | % | Amount |
| Purchase of Land by Borrower | 13 | 41 | 53 | 75 | 64 | 13,321,601 |
| Permanent Improvements, Buildings | 12 | 8 | 6 | 3 | 4 | 693,802 |
| Permanent Improvements, Land | 1 | — | — | — | — | 8,319 |
| Consolidation of Debts | 60 | 45 | 35 | 16 | 28 | 5,865,054 |
| Purchase of Livestock | 10 | 4 | 4 | 4 | 3 | 595,286 |
| Purchase of Equipment | 2 | 1 | 1 | 1 | — | 27,000 |
| Other Purposes | 2 | 1 | 1 | 1 | 1 | 167,905 |
| Total: | 100 | 100 | 100 | 100 | 100 | 20,678,967 |

Table II

## Approved Agricultural Loans by Age Groups

For the Five Years Ended March 31, 1987

| | *Young Farmers | | | | | Others | | | | | Totals | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986–87 | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986–87 | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986–87 |
| New Loans | | | | | | | | | | | | | | | |
| Number | 144 | 327 | 276 | 220 | 247 | 25 | 26 | 24 | 10 | 5 | 169 | 353 | 300 | 230 | 252 |
| % | 85% | 93% | 92% | 96% | 98% | 15% | 7% | 8% | 4% | 2% | | | | | |
| $Amount | 9,385,373 | 23,905,674 | 17,349,111 | 13,245,563 | 16,935,559 | 2,184,241 | 1,787,261 | 1,716,636 | 294,695 | 449,300 | 11,569,614 | 25,692,935 | 19,065,747 | 13,540,258 | 17,384,859 |
| % | 81% | 93% | 91% | 98% | 97% | 19% | 7% | 9% | 2% | 3% | | | | | |
| Average | 65,176 | 73,106 | 62,859 | 60,207 | 68,565 | 87,369 | 66,740 | 71,526 | 26,470 | 89,860 | 68,459 | 72,784 | 63,552 | 58,871 | 68,988 |
| Additional Loans | | | | | | | | | | | | | | | |
| Number | 113 | 113 | 90 | 54 | 66 | 17 | 19 | 17 | 2 | 4 | 130 | 132 | 107 | 56 | 70 |
| % | 87% | 86% | 84% | 96% | 94% | 13% | 14% | 16% | 4% | 6% | | | | | |
| $Amount | 4,411,402 | 5,428,132 | 3,214,932 | 2,196,505 | 3,108,058 | 832,306 | 1,056,569 | 879,439 | 12,992 | 186,050 | 5,243,708 | 6,484,701 | 4,094,371 | 2,209,497 | 3,294,108 |
| % | 84% | 84% | 79% | 99% | 94% | 16% | 16% | 21% | 1% | 6% | | | | | |
| Average | 39,039 | 48,036 | 35,721 | 40,676 | 47,092 | 48,959 | 55,608 | 51,731 | 6,496 | 46,512 | 40,336 | 49,126 | 38,266 | 39,455 | 47,059 |
| Total | | | | | | | | | | | | | | | |
| Number | 257 | 440 | 366 | 274 | 313 | 42 | 45 | 41 | 12 | 9 | 299 | 485 | 407 | 286 | 322 |
| % | 86% | 91% | 90% | 96% | 97% | 14% | 9% | 10% | 4% | 3% | | | | | |
| $Amount | 13,796,775 | 29,333,806 | 20,564,043 | 15,442,068 | 20,043,617 | 3,016,547 | 2,843,830 | 2,596,075 | 307,687 | 635,350 | 16,813,322 | 32,177,636 | 23,160,118 | 15,749,756 | 20,678,967 |
| % | 82% | 91% | 89% | 98% | 97% | 18% | 9% | 11% | 2% | 3% | | | | | |
| Average | 53,683 | 66,667 | 58,186 | 56,358 | 64,037 | 71,822 | 63,196 | 63,319 | 25,641 | 70,594 | 56,231 | 66,345 | 56,905 | 55,069 | 64,220 |

**Young Farmers are those 18 to 39 years of age*

Table III

## Summary of Programs

For the Five Years Ended March 31, 1987

| | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986–87 |
|---|---|---|---|---|---|
| DIRECT LOANS | | | | | |
| No. | 299 | 485 | 407 | 286 | 322 |
| $ Amount | 16,813,322 | 32,177,636 | 23,160,118 | 15,749,755 | 20,678,967 |
| CORPORATE LOANS | | | | | |
| No. | 2 | — | 3 | 2 | 4 |
| $ Amount | 680,030 | (48,070) | 699,974 | 224,814 | 987,188 |
| CROWN LAND LOANS | | | | | |
| No. | (2) | 30 | 10 | 6 | 7 |
| $ Amount | (15,480) | 332,067 | 100,852 | 49,155 | 102,110 |
| STOCKER LOANS | | | | | |
| No. | 52 | 51 | 90 | 111 | 132 |
| $ Amount | 1,101,448 | 1,313,425 | 2,264,982 | 3,138,303 | 4,075,439 |
| MAN. BEEF STABILIZATION LOANS | | | | | |
| No. | 96 | 232 | 249 | 291 | 200 |
| $ Amount | 1,591,600 | 3,378,800 | 3,991,872 | 4,641,930 | 3,041,666 |
| REFINANCING PROGRAM | | | | | |
| REGULAR | | | | | |
| No. | — | — | — | 71 | 33 |
| $ Amount | — | — | — | 7,012,963 | 4,008,446 |
| CORPORATE | | | | | |
| No. | — | — | — | 6 | 2 |
| $ Amount | — | — | — | 1,228,930 | 462,407 |
| PART TIME FARMERS | | | | | |
| No. | — | — | — | 2 | 17 |
| $ Amount | — | — | — | 226,600 | 1,083,600 |
| MAN. INTEREST RATE RELIEF LOANS | | | | | |
| 1st Yr. No. | 513 | 499 | 199 | 7 | — |
| $ Amount | 2,802,971 | 2,928,736 | 1,129,717 | 35,551 | 379 |
| 2nd Yr. No. | — | 281 | 441 | 206 | 5 |
| $ Amount | — | 1,534,807 | 2,530,742 | 1,148,198 | 36,303 |
| BEEF PRODUCERS INCOME ASSURANCE LOANS | | | | | |
| No. | (2) | — | — | — | — |
| $ Amount | (3,015) | — | — | — | — |
| GUARANTEED LOANS | | | | | |
| — Farm Production | | | | | |
| No. | 123 | 6 | — | — | — |
| $ Amount | 4,223,500 | 132,000 | — | — | — |
| — S.C.G.L. | | | | | |
| No. | 1 | — | — | — | — |
| $ Amount | 60,000 | — | — | — | — |
| — Guaranteed Operating | | | | | |
| Initial Approvals | | | | | |
| No. | — | 444 | 307 | 181 | 100 |
| $ Amount | — | 24,356,700 | 15,011,900 | 8,331,500 | 5,146,000 |
| Repeat Approvals | | | | | |
| No. | — | 51 | 376 | 373 | 390 |
| $ Amount | — | 3,548,000 | 24,776,200 | 23,912,000 | 25,627,500 |
| LAND SALES | | | | | |
| No. | 9 | 18 | 8 | 6 | 18 |
| $ Amount | 318,928 | 1,041,131 | 710,951 | 299,870 | 1,128,406 |
| LAND PURCHASES | | | | | |
| No. | — | — | — | — | — |
| $ Amount | — | 400 | — | — | — |
| TOTAL | | | | | |
| No. | 1,091 | 2,097 | 2,090 | 1,548 | 1,230 |
| $ Amount | 27,573,304 | 70,695,632 | 74,377,308 | 65,999,569 | 66,378,411 |

Table IV

## Summary of Programs

### *Interlake Region*

For the FiveYears Ended March 31,1987

| | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986–87 |
|---|---|---|---|---|---|
| DIRECT LOANS | | | | | |
| No. | 48 | 64 | 54 | 32 | 43 |
| $ Amount | 2,677,780 | 3,482,349 | 2,904,016 | 1,333,945 | 2,194,650 |
| CORPORATE LOANS | | | | | |
| No. | — | — | — | — | 1 |
| $ Amount | — | — | — | — | 154,600 |
| CROWN LAND LOANS | | | | | |
| No. | (1) | 9 | 3 | 4 | 2 |
| $ Amount | (5,940) | 99,285 | 31,722 | 36,380 | 37,450 |
| STOCKER LOANS | | | | | |
| No. | 2 | 3 | 5 | 6 | 15 |
| $ Amount | 28,549 | 61,600 | 179,882 | 194,583 | 507,120 |
| MAN. BEEF STABILIZATION LOANS | | | | | |
| No. | 21 | 46 | 40 | 45 | 24 |
| $ Amount | 304,600 | 592,800 | 767,400 | 836,546 | 463,052 |
| REFINANCING PROGRAM REGULAR | | | | | |
| No. | — | — | — | 10 | 7 |
| $ Amount | — | — | — | 974,981 | 691,015 |
| CORPORATE | | | | | |
| No. | — | — | — | — | 1 |
| $ Amount | — | — | — | — | 216,407 |
| PART TIME FARMERS | | | | | |
| No. | — | — | — | — | 5 |
| $ Amount | — | — | — | — | 249,050 |
| MAN. INTEREST RATE RELIEF LOANS | | | | | |
| No. | 86 | 173 | 147 | 43 | 1 |
| $ Amount | 463,222 | 967,759 | 811,326 | 225,428 | 6,218 |
| BEEF PRODUCERS INCOME ASSURANCE LOANS | | | | | |
| No. | (1) | — | — | — | — |
| $ Amount | (2,599) | — | — | — | — |
| GUARANTEED LOANS | | | | | |
| — Guaranteed Operating Initial Approvals | | | | | |
| No. | — | 29 | 16 | 10 | 9 |
| $ Amount | — | 1,389,000 | 526,000 | 375,000 | 365,000 |
| Repeat Approvals | | | | | |
| No. | — | 2 | 24 | 19 | 28 |
| $ Amount | — | 145,000 | 1,617,000 | 957,000 | 1,743,000 |
| LAND SALES | | | | | |
| No. | 1 | 7 | — | 2 | 2 |
| $ Amount | 32,665 | 182,314 | — | 98,700 | 99,437 |
| LAND PURCHASES | | | | | |
| No. | — | — | — | — | — |
| $ Amount | — | 400 | — | — | — |
| TOTAL | | | | | |
| No. | 156 | 333 | 289 | 171 | 138 |
| $ Amount | 3,498,277 | 6,920,507 | 6,837,346 | 5,032,563 | 6,726,999 |

Table V

## Summary of Programs

### *Eastern Region*

For the Five Years Ended March 31,1987

| | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986–87 |
|---|---|---|---|---|---|
| DIRECT LOANS | | | | | |
| No. | 42 | 37 | 38 | 16 | 42 |
| $ Amount | 2,980,784 | 2,438,003 | 2,594,942 | 712,442 | 3,504,668 |
| CORPORATE LOANS | | | | | |
| No. | 1 | (1) | 2 | 1 | 1 |
| $ Amount | 150,000 | (150,000) | 265,000 | 50,500 | 200,000 |
| CROWN LAND LOANS | | | | | |
| No. | — | 6 | 3 | 1 | 1 |
| $ Amount | — | 73,525 | 29,400 | (375) | 6,920 |
| STOCKER LOANS | | | | | |
| No. | — | — | 6 | 10 | 10 |
| $ Amount | (55,800) | — | 169,014 | 348,421 | 288,250 |
| MAN. BEEF STABILIZATION LOANS | | | | | |
| No. | 4 | 14 | 18 | 21 | 10 |
| $ Amount | 116,900 | 138,700 | 295,940 | 351,807 | 75,590 |
| REFINANCING PROGRAM REGULAR | | | | | |
| No. | -- | — | — | 6 | 1 |
| $ Amount | — | — | — | 757,232 | 182,337 |
| CORPORATE | | | | | |
| No. | — | — | — | 2 | — |
| $ Amount | — | — | — | 463,670 | — |
| PART TIME FARMERS | | | | | |
| No. | — | — | — | — | 1 |
| $ Amount | — | — | — | — | 46,800 |
| MAN. INTEREST RATE RELIEF LOANS | | | | | |
| No. | 63 | 71 | 38 | 11 | — |
| $ Amount | 346,404 | 409,901 | 228,020 | 63,982 | — |
| BEEF PRODUCERS INCOME ASSURANCE LOANS | | | | | |
| No. | (1) | — | — | — | — |
| $ Amount | (416) | — | — | — | — |
| GUARANTEED LOANS — Farm Production | | | | | |
| No. | 5 | 1 | — | — | — |
| $ Amount | 90,000 | 20,000 | — | — | — |
| — Guaranteed Operating Initial Approvals | | | | | |
| No. | — | 29 | 9 | 11 | 4 |
| $ Amount | — | 1,436,200 | 403,600 | 563,000 | 98,000 |
| Repeat Approvals | | | | | |
| No. | — | — | 20 | 19 | 19 |
| $ Amount | — | — | 1,271,200 | 1,338,000 | 1,275,000 |
| LAND SALES | | | | | |
| No. | — | 2 | 2 | 2 | 4 |
| $ Amount | — | 102,100 | 135,664 | 129,800 | 321,100 |
| TOTAL | | | | | |
| No. | 114 | 159 | 136 | 100 | 93 |
| $Amount | 3,627,872 | 4,468,429 | 5,392,780 | 4,778,479 | 5,998,665 |

Table VI

## Summary of Programs

***Central Region***

For the Five Years Ended March 31,1987

| | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986-87 |
|---|---|---|---|---|---|
| DIRECT LOANS | | | | | |
| No. | 39 | 93 | 62 | 50 | 57 |
| $ Amount | 1,804,924 | 6,411,473 | 3,187,556 | 3,075,902 | 3,888,045 |
| CORPORATE LOANS | | | | | |
| No. | 1 | — | 1 | — | — |
| $ Amount | 530,030 | 38,930 | 183,859 | 5,314 | (412) |
| CROWN LAND LOANS | | | | | |
| No. | — | — | — | — | — |
| $ Amount | — | — | — | — | — |
| STOCKER LOANS | | | | | |
| No. | 13 | 12 | 14 | 25 | 26 |
| $ Amount | 286,343 | 330,303 | 399,994 | 922,559 | 1,025,656 |
| MAN. BEEF STABILIZATION LOANS | | | | | |
| No. | 19 | 44 | 49 | 55 | 43 |
| $ Amount | 324,200 | 686,700 | 686,940 | 795,863 | 614,627 |
| REFINANCING PROGRAM REGULAR | | | | | |
| No. | — | — | — | 5 | 2 |
| $ Amount | — | — | — | 521,750 | 233,000 |
| PART TIME FARMERS | | | | | |
| No. | — | — | — | — | 6 |
| $ Amount | — | — | — | — | 373,700 |
| MAN. INTEREST RATE RELIEF LOANS | | | | | |
| No. | 92 | 216 | 184 | 56 | 2 |
| $ Amount | 510,125 | 1,256,141 | 1,057,147 | 313,761 | 10,642 |
| GUARANTEED LOANS — Farm Production | | | | | |
| No. | 17 | — | — | — | — |
| $ Amount | 796,000 | — | — | — | — |
| — Guaranteed Operating Initial Approvals | | | | | |
| No. | — | 135 | 59 | 48 | 34 |
| $ Amount | — | 8,870,000 | 3,855,000 | 2,207,000 | 1,810,000 |
| Repeat Approvals | | | | | |
| No. | — | 15 | 107 | 75 | 94 |
| $ Amount | — | 1,323,000 | 8,784,000 | 5,901,000 | 7,180,000 |
| LAND SALES | | | | | |
| No. | 2 | 1 | 1 | — | 2 |
| $ Amount | 116,470 | 40,000 | 163,400 | — | 86,836 |
| TOTAL | | | | | |
| No. | 183 | 516 | 477 | 314 | 266 |
| $ Amount | 4,368,092 | 18,956,547 | 18,317,896 | 13,743,149 | 15,222,094 |

Table VII

## Summary of Programs

### *South Western Region*

For the Five Years Ended March 31, 1987

| | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986–87 |
|---|---|---|---|---|---|
| DIRECT LOANS | | | | | |
| No. | 117 | 204 | 173 | 120 | 125 |
| $ Amount | 6,983,215 | 15,064,880 | 10,333,278 | 7,386,122 | 8,165,989 |
| CORPORATE LOANS | | | | | |
| No. | — | 1 | (1) | 1 | 2 |
| $ Amount | — | 63,000 | (63,000) | 169,000 | 633,000 |
| CROWN LAND LOANS | | | | | |
| No. | — | 1 | — | — | 1 |
| $ Amount | — | 21,070 | — | — | 21,070 |
| STOCKER LOANS | | | | | |
| No. | 29 | 30 | 40 | 53 | 65 |
| $ Amount | 553,705 | 777,622 | 954,177 | 1,305,099 | 1,803,621 |
| MAN. BEEF STABILIZATION LOANS | | | | | |
| No. | 25 | 59 | 71 | 80 | 61 |
| $ Amount | 387,000 | 937,600 | 1,209,452 | 1,274,199 | 1,074,897 |
| REFINANCING PROGRAM | | | | | |
| REGULAR | | | | | |
| No. | — | — | — | 34 | 18 |
| $ Amount | — | — | — | 3,522,065 | 2,214,522 |
| CORPORATE | | | | | |
| No. | — | — | — | 4 | — |
| $ Amount | — | — | — | 765,260 | — |
| PART TIME FARMERS | | | | | |
| No. | — | — | — | 2 | 5 |
| $ Amount | — | — | — | 226,600 | 414,050 |
| MAN. INTEREST RATE RELIEF LOANS | | | | | |
| No. | 148 | 148 | 102 | 45 | 1 |
| $ Amount | 835,044 | 857,664 | 635,360 | 253,569 | 12,762 |
| GUARANTEED LOANS | | | | | |
| — Farm Production | | | | | |
| No. | 92 | 5 | — | — | — |
| $ Amount | 3,066,500 | 112,000 | — | — | — |
| — S.C.G.L. | | | | | |
| No. | 1 | — | — | — | — |
| $ Amount | 60,000 | — | — | — | — |
| — Guaranteed Operating | | | | | |
| Initial Approvals | | | | | |
| No. | — | 176 | 136 | 81 | 42 |
| $ Amount | — | 9,241,000 | 6,647,000 | 3,657,500 | 2,275,000 |
| Repeat Approvals | | | | | |
| No. | — | 25 | 151 | 167 | 170 |
| $ Amount | — | 1,540,000 | 8,846,500 | 10,272,000 | 10,218,000 |
| LAND SALES | | | | | |
| No. | 3 | 5 | 2 | 2 | 5 |
| $ Amount | 96,072 | 533,017 | 147,250 | 71,370 | 512,000 |
| TOTAL | | | | | |
| No. | 415 | 654 | 674 | 589 | 495 |
| $ Amount | 11,981,536 | 29,147,853 | 28,710,017 | 28,902,784 | 27,344,911 |

Table VIII

# Summary of Programs

***North Western Region***

For the Five Years Ended March 31, 1987

| | 1982–83 | 1983–84 | 1984–85 | 1985–86 | 1986–87 |
|---|---|---|---|---|---|
| DIRECT LOANS | | | | | |
| No. | 53 | 87 | 80 | 68 | 55 |
| $ Amount | 2,366,619 | 4,780,931 | 4,140,326 | 3,241,344 | 2,925,615 |
| CORPORATE LOANS | | | | | |
| No. | — | — | 1 | — | — |
| $ Amount | — | — | 314,115 | — | — |
| CROWN LAND LOANS | | | | | |
| No. | (1) | 14 | 4 | 1 | 3 |
| $ Amount | (9,540) | 138,187 | 39,730 | 13,150 | 36,670 |
| STOCKER LOANS | | | | | |
| No. | 8 | 6 | 25 | 17 | 16 |
| $ Amount | 288,651 | 143,900 | 561,915 | 367,641 | 450,792 |
| MAN. BEEF STABILIZATION LOANS | | | | | |
| No. | 27 | 69 | 71 | 90 | 62 |
| $ Amount | 458,900 | 1,023,000 | 1,032,140 | 1,383,515 | 813,500 |
| REFINANCING PROGRAM | | | | | |
| REGULAR | | | | | |
| No. | — | — | — | 16 | 5 |
| $ Amount | — | — | — | 1,236,935 | 687,572 |
| CORPORATE | | | | | |
| No. | — | — | — | — | 1 |
| $ Amount | — | — | — | — | 246,000 |
| MAN. INTEREST RATE RELIEF LOANS | | | | | |
| No. | 124 | 172 | 169 | 58 | 1 |
| $ Amount | 648,176 | 972,078 | 928,606 | 327,009 | 7,060 |
| GUARANTEED LOANS | | | | | |
| — Farm Production | | | | | |
| No. | 9 | — | — | — | — |
| $ Amount | 271,000 | — | — | — | — |
| — Guaranteed Operating | | | | | |
| Initial Approvals | | | | | |
| No. | — | 75 | 87 | 31 | 11 |
| $ Amount | — | 3,420,500 | 3,580,300 | 1,529,000 | 598,000 |
| Repeat Approvals | | | | | |
| No. | — | 9 | 74 | 93 | 79 |
| $ Amount | — | 540,000 | 4,257,500 | 5,444,000 | 5,211,500 |
| LAND SALES | | | | | |
| No. | 3 | 3 | 3 | — | 5 |
| $ Amount | 73,721 | 183,700 | 264,637 | — | 109,033 |
| TOTAL | | | | | |
| No. | 223 | 435 | 514 | 374 | 238 |
| $ Amount | 4,097,527 | 11,202,296 | 15,119,269 | 13,542,594 | 11,085,742 |

# Manitoba

## The Manitoba Agricultural Credit Corporation

## Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A to E and Schedule 1, of The Manitoba Agricultural Credit Corporation for the fiscal year ended March 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Agricultural Credit Corporation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

**July 28, 1987**
**Winnipeg, Manitoba**

**F. H. Jackson. CA,**
**Provincial Auditor**

**Exhibit A**

**The Manitoba Agricultural Credit Corporation**

# Balance Sheet

as at March 31, 1987
(with 1986 figures for comparison)

## Assets

### *The Agricultural Credit Corporation Act*

| | 1987 | 1986 |
|---|---|---|
| Cash: | | |
| On hand and in bank | $ 52,163 | $ 66,283 |
| On deposit with the Minister of Finance (Note 2a)iv)) | 5,291,646 | 2,171,665 |
| | 5,343,809 | 2,237,948 |
| Accounts receivable: | | |
| Rent, less allowance for doubtful accounts (Note 7a)) | 274,959 | 130,616 |
| Sale of real estate | 52,444 | 58,163 |
| Conditional incentive grants and accrued interest | 17,679 | 22,493 |
| Other | 16,145 | 6,084 |
| | 361,227 | 217,356 |
| Other receivables, less allowance for doubtful accounts: | | |
| Stocker program advances (Note 3) | 2,322,368 | 1,893,486 |
| Mortgages, chattels and agreements for sale (Note 4) | 217,631,527 | 206,470,792 |
| Promissory notes (Note 5) | 779,799 | 958,986 |
| Security agreements (Note 6) | 2,478,451 | 3,766,757 |
| Real estate (Note 8) | 12,668,863 | 9,699,663 |
| Unamortized debt discount and expense | 55,708 | 62,075 |
| | 241,641,752 | 225,307,063 |

### *Part III of The Fisheries Act*

| | | |
|---|---|---|
| Cash on deposit with the Minister of Finance | 194,429 | 104,869 |
| Prepaid expenses | 1,520 | 1,379 |
| Loans receivable, less allowance for doubtful accounts (Note 7b)) | 4,640,941 | 3,643,559 |
| | 4,836,890 | 3,749,807 |
| | $ 246,478,642 | $ 229,056,870 |

Approved on behalf of the Board

Director

Director

## Liabilities and (Deficit)

### *The Agricultural Credit Corporation Act*

| | 1987 | 1986 |
|---|---|---|
| Accounts payable | | |
| The Province of Manitoba | $ 535,242 | $ 670,563 |
| Other | 1,197,647 | 1,681,488 |
| | 1,732,889 | 2,352,051 |
| Provision for losses on guaranteed operating loans (Note 14c)) | 2,819,050 | 911,056 |
| Advances from the Province of Manitoba (Note 9a)) | 244,703,258 | 226,751,303 |
| Deficit account (Note 10): | | |
| Balance at beginning of year | (4,707,347) | 2,902,389 |
| Excess of expenditure over revenue, Exhibit B | (2,906,098) | (7,609,736) |
| Balance at end of year | (7,613,445) | (4,707,347) |
| | 241,641,752 | 225,307,063 |

### *Part III of The Fisheries Act*

| | | |
|---|---|---|
| Accounts payable | 8,601 | 21,518 |
| Advances from the Province of Manitoba (Note 9b)) | 4,800,000 | 3,700,000 |
| Reserve for Working Capital: | | |
| Balance at beginning and end of year | 28,289 | 28,289 |
| | 4,836,890 | 3,749,807 |
| | $ 246,478,642 | $ 229,056,870 |

**Exhibit B**

**THE MANITOBA AGRICULTURAL CREDIT CORPORATION**
***The Agricultural Credit Corporation Act***
# Statement of Revenue and Expenditure
for the year ended March 31, 1987
(with 1986 figures for comparison)

| | 1987 | 1986 |
|---|---|---|
| Revenue: | | |
| Interest: | | |
| Mortgages, chattels and agreements for sale | $23,332,819 | $22,147,694 |
| Promissory notes | 182,886 | 245,178 |
| Stocker program | 248,834 | 253,095 |
| Security agreements | 284,881 | 333,990 |
| Cash on deposit with the Minister of Finance | 15,886 | 8,192 |
| Term deposits with the Minister of Finance | 297,077 | 516,511 |
| Real estate (Note 12) | 1,203,253 | 1,077,446 |
| Other | 26,413 | 21,688 |
| | 25,592,049 | 24,603,794 |
| Expenditure: | | |
| Administration, Schedule 1 | 10,416,444 | 7,557,530 |
| Financing charges, net: | | |
| Interest on advances from the Province of Manitoba, amortization of debt discount and service charges | 25,598,959 | 24,390,530 |
| Less: | | |
| Amount assumed by the Province of Manitoba (Note 2 b)) | 7,517,256 | 5,059,594 |
| | 18,081,703 | 19,330,936 |
| Total expenditure | 28,498,147 | 26,888,466 |
| Excess of expenditure over revenue before refund to the Province of Manitoba (Note 10) | 2,906,098 | 2,284,672 |
| Refund to the Province of Manitoba—allowances for doubtful accounts (Note 10) | — | 5,325,064 |
| Excess of expenditure over revenue | $ 2,906,098 | $ 7,609,736 |

*The accompanying notes are an integral part of these financial statements.*

**Exhibit C**

**THE MANITOBA AGRICULTURAL CREDIT CORPORATION**
***Part III of The Fisheries Act***

# Statement of Revenue and Expenditure

for the year ended March 31, 1987
(with 1986 figures for comparison)

| | 1987 | 1986 |
|---|---|---|
| Revenue: | | |
| Interest: | | |
| Loans | $ 467,837 | $ 435,698 |
| Grant from the Province of Manitoba re administration costs (Note 2b)) | 379,756 | 379,600 |
| | 847,593 | 815,298 |
| Expenditure: | | |
| Administration costs: | | |
| Salaries | 264,617 | 281,589 |
| Audit fees | 7,010 | 6,980 |
| Bad debts (Note 7) | 99,382 | 72,190 |
| Collection expenses | 1,092 | 636 |
| Corporation capital tax | (170) | 170 |
| Data processing | 6,406 | 6,387 |
| Employee benefits | 20,172 | 15,240 |
| Furniture and fixtures | 9,349 | — |
| Health and post secondary education levy | 3,464 | 3,275 |
| Miscellaneous | 385 | 160 |
| Postage | 1,694 | 1,768 |
| Rental of office premises | 12,004 | 4,232 |
| Stationery, supplies and equipment rentals | 5,267 | 5,923 |
| Telephone | 9,852 | 9,101 |
| Travelling | 22,969 | 26,197 |
| Workers compensation | 1,764 | 1,389 |
| Relocation expenses | — | 3,907 |
| | 465,257 | 439,144 |
| Financing charges: | | |
| Interest on advances from the Province of Manitoba | 382,336 | 376,154 |
| | 847,593 | 815,298 |
| Excess of revenue over expenditure | $ — | $ — |

*The accompanying notes are an integral part of these financial statements.*

**Exhibit D**
**Page 1**

**The Manitoba Agrictultural Credit Corporation**
***The Agricultural Credit Corporation Act***

# Statement of Receipts and Disbursements

for the year ended March 31. 1987
(with 1986 figures for comparison)

| | 1987 | 1986 |
|---|---|---|
| Receipts: | | |
| Advances from the Province of Manitoba | $ 35.000.000 | $ 37.836.900 |
| Province of Manitoba—Interest reduction program (Note 11) | — | 6.030.665 |
| Collections on account of mortgages. chattels and agreements for sale: | | |
| Principal | 12.625.960 | 12.636.384 |
| Interest (Note 11) | 20.019.435 | 15.960.656 |
| Other charges | 912.584 | 677.764 |
| | 33.557.979 | 29.274.804 |
| Collections on account of promissory notes: | | |
| Principal | 187.760 | 378.877 |
| Interest (Note 11) | 201.877 | 237.902 |
| | 389.637 | 616.779 |
| Collections on account of stocker program advances receivable: | | |
| Principal | 3.234.206 | 2.350.133 |
| Interest | 229.247 | 243.436 |
| | 3.463.453 | 2.593.569 |
| Collections on account of security agreements receivable: | | |
| Principal | 8.373.899 | 8.782.478 |
| Interest | 313.716 | 346.548 |
| | 8.687.615 | 9.129.026 |
| Collections on account of Manitoba Interest Rate Relief Program (Note 15) | | |
| Principal | 399.347 | 294.340 |
| Interest | 283.840 | 102.905 |
| | 683.187 | 397.245 |
| Interest: | | |
| On cash on deposit with the Minister of Finance | 15.886 | 8.192 |
| On term deposits with the Minister of Finance | 297.077 | 516.511 |
| | 312.963 | 524.703 |
| Carried forward | $ 82.094.834 | $ 86.403.691 |

| | 1987 | 1986 |
|---|---|---|
| Disbursements | | |
| Mortgages and agreements for sale | $ 27.792.971 | $ 22.722.195 |
| Promissory notes | 4.082 | 10.009 |
| Stocker program | 3.726.969 | 2,710,587 |
| Land and building purchases | 92.804 | 72.146 |
| Security agreements | 7.103.627 | 9.193.846 |
| Sundry charges on account of mortgages | 776.181 | 724.836 |
| Taxes charged on land leasing | 126.554 | 144.670 |
| Young farmer rebates | 1.858.801 | 2.122.356 |
| Payments to farmers—Interest reduction program (Note 11) | | 3.695.882 |
| Refund to the Province of Manitoba—allowances for doubtful accounts (Note 10) | | 5.325.064 |
| Financing charges paid to the Province of Manitoba: | | |
| Interest on advances and service charges.net | 18.086.305 | 19.306.892 |
| Payment to the Province of Manitoba of collections on account of Manitoba Interest Rate Relief Program (Note 15) | | |
| Principal | 363.103 | 267.252 |
| Interest | 303.959 | 87.823 |
| | 667.062 | 355.075 |
| Carried forward | $ 60.235.356 | $ 66.383.558 |

**Exhibit D**
**Page 2**

**The Manitoba Agrictultural Credit Corporation**
***The Agricultural Credit Corporation Act***

# Statement of Receipts and Disbursements

for the year ended March 31, 1987
(with 1986 figures for comparison)

| | 1987 | 1986 |
|---|---|---|
| Receipts: | | |
| Brought forward | $ 82,094,834 | $ 86,403,691 |
| Proceeds from term deposits | 14,150,000 | 19,850,000 |
| Proceeds from sale of real estate | 1,113,686 | 254,711 |
| Collections on account of land leasing | 976,290 | 826,141 |
| Collections on account of livestock incentive grants | | 3,637 |
| Administration costs — Manitoba Interest Rate Relief Program (Note 15) | 32,650 | 36,038 |
| Miscellaneous | 128,030 | 486,132 |
| Trust account: | | |
| Insurance claim proceeds | 5,964 | 71,471 |
| Total cash receipts | 98,501,454 | 107,931,821 |
| Cash on hand, in bank and on deposit with the Minister of Finance at beginning of year | 2,237,948 | 2,853,239 |
| | $ 100,739,402 | $ 110,785,060 |

| | 1987 | 1986 |
|---|---|---|
| Disbursements: | | |
| Brought forward | $ 60,235,356 | $ 66,383,558 |
| Repayment of capital advances to the Province of Manitoba | 17,048,045 | 18,791,481 |
| Purchase of term deposits | 14,150,000 | 19,850,000 |
| Administration costs | 3,618,199 | 3,457,971 |
| Miscellaneous | 343,993 | 25,039 |
| Trust account: | | |
| Other | — | 39,063 |
| Total cash disbursements | 95,395,593 | 108,547,112 |
| Cash on hand, in bank, less overdraft, and on deposit with the Minister of Finance at end of year | 5,343,809 | 2,237,948 |
| | $ 100,739,402 | $ 110,785,060 |

*The accompanying notes are an integral part of these financial statements.*

**Exhibit E**

**THE MANITOBA AGRICULTURAL CREDIT CORPORATION**
***Part III of The Fisheries Act***

# Statement of Receipts and Disbursements

for the year ended March 31, 1987
(with 1986 figures for comparison)

| | 1987 | 1986 |
|---|---|---|
| Receipts: | | |
| Province of Manitoba: | | |
| Advances | $ 1,100,000 | $ 200,000 |
| Grant re administration costs | 379,756 | 379,600 |
| | 1,479,756 | 579,600 |
| Collections on account of loans: | | |
| Principal | 2,936,711 | 2,648,395 |
| Interest | 418,338 | 415,871 |
| Interest from Province of Manitoba | 34,570 | — |
| | 3,389,619 | 3,064,266 |
| Miscellaneous | 507 | 669 |
| Total cash receipts | 4,869,882 | 3,644,535 |
| Cash on deposit with the Minister of Finance at beginning of year | 104,869 | 300,914 |
| | $ 4,974,751 | $ 3,945,449 |
| Disbursements: | | |
| Loans | $ 4,018,618 | $ 3,117,228 |
| Administration costs | 379,368 | 347,198 |
| Interest on advances from the Province of Manitoba | 382,336 | 376,154 |
| Total cash disbursements | 4,780,322 | 3,840,580 |
| Cash on deposit with the Minister of Finance at end of year | 194,429 | 104,869 |
| | $ 4,974,751 | $ 3,945,449 |

*The accompanying notes are an integral part of these financial statements.*

**Schedule 1**

**THE MANITOBA AGRICULTURAL CREDIT CORPORATION**
***The Agricultural Credit Corporation Act***
## Schedule of Administration Expenditure
for the year ended March 31,1987
(with 1986 figures for comparison)

| | 1987 | 1986 |
|---|---|---|
| Salaries | $ 1,680,362 | $ 1,514,551 |
| Advertising | 44,538 | 46,397 |
| Audit fees | 28,040 | 27,920 |
| Bad debts (Notes 2 c) and 7): | | |
| — promissory notes | (34,198) | 84,889 |
| — mortgages, chattels and agreements for sale | 4,878,623 | 3,052,407 |
| — stocker program | 93,315 | 158,457 |
| — land lease program | 853 | 292,901 |
| — security agreements | (10,800) | 51,193 |
| Collection expenses | 4,414 | 4,002 |
| Corporation capital tax | (17,414) | 17,414 |
| Data processing | 59,691 | 56,337 |
| Directors' fees and expenses | 24,946 | 19,921 |
| Ear tags | (3,569) | 22,587 |
| Employee benefits | 124,374 | 134,502 |
| Guaranteed loan losses | 2,797,079 | 1,435,568 |
| Insurance | 6,774 | 2,635 |
| Health and post secondary education levy | 26,063 | 23,229 |
| Messenger service | 3,526 | 3,856 |
| Miscellaneous | 1,639 | 1,589 |
| Office furniture and equipment | 45,662 | 98,521 |
| Office rental, cleaning, light and power | 140,844 | 77,497 |
| Postage | 24,810 | 24,963 |
| Professional fees | 5,287 | 10,275 |
| Property taxes | 135,924 | 112,223 |
| Real estate maintenance | 90,123 | 26,127 |
| Relocation expenses | 1,450 | 11,599 |
| Stationery, office supplies and equipment rental | 56,528 | 51,398 |
| Telephone | 43,602 | 37,384 |
| Travelling | 135,431 | 146,976 |
| Workers compensation | 13,890 | 10,212 |
| The Manitoba Mediation Board expenses (Note 17) | 14,637 | — |
| Total administration expenditure, Exhibit B | $ 10,416,444 | $ 7,557,530 |

*The accompanying notes are an integral part of these financial statements.*

**The Manitoba Agricultural Credit Corporation**

# Notes to the Financial Statements

for the Year ended March 31, 1987

1. The Manitoba Agricultural Credit Corporation is incorporated under a specific statute of the Province of Manitoba, being Chapter A-10 of the Revised Statutes of Manitoba,1970.

   The Corporation carries out the following programs:

   i) It provides and administers financial assistance to farmers to assist in the development of farms under its Act:

   ii) It provides and administers loans to commercial fishermen under the Manitoba Fisheries Act; and the Corporation accounts for each of these programs separately.

2. Significant accounting policies of the Corporation are as follows:

   a) The Corporation operates on the accrual basis of accounting except for the following:

      i) Equipment and office furniture are charged to operations in the year of acquisition.

      ii) Revenue from real estate is not offset by depreciation on farm buildings and equipment acquired together with land purchased for the land leasing operations.

      iii) In accordance with the Provisions of the Manitoba Civil Service Superannuation Act,the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $1,545,416 at December 31, 1986 (1985 - $1,375,146).

      iv) In accordance with the procedures followed by the Province of Manitoba, the Corporation's account with the Minister of Finance is held open until May 15, to reflect transactions recorded by the Province as of March 31.

   b) In accordance with the Acts under which it operates, the amounts by which the expenditures of the programs it administers exceed the related revenues may be recovered from the Province from its appropriations.

   c) The allowances for doubtful accounts are determined on an individual account basis and relate to loans and accounts receivable and represent an estimate of probable losses on the accounts outstanding at year end as shown in note 7. Actual losses on loans and accounts receivable are charged to the appropriate allowance when written off by Board resolution. The adjustment of the allowances to the required level is charged to administration expenditure as bad debts.

3. Stocker program advances receivable consisted of the following at March 31, 1987

| | 1987 | 1986 |
|---|---|---|
| Renewable interest bearing advances, 18 month term | $ 2,447,183 | $ 1,999,967 |
| Interest free advances, 12 month term. Discontinued in 1975-76 | 20,464 | 20,695 |
| Interest bearing advances under programs discontinued in 1974-75 | 2,151 | 13,149 |
| Accrued interest | 99,454 | 97,379 |
| | 2,569,252 | 2,131,190 |
| Less: allowance for doubtful accounts | 246,884 | 237,704 |
| | $ 2,322,368 | $ 1,893,486 |

4. A summary of mortgages, chattels and agreements for sale receivable by years in which the instalments become due and payable is as follows:

| Receivable Within: | 1987 | 1986 |
|---|---|---|
| 1 year | | |
| Accrued interest | $ 12,791,468 | $ 12,480,327 |
| Arrears | 12,764,145 | 7,729,977 |
| Prepayments | (6,358,257) | (5,572,540) |
| Regular instalments | 6,005,394 | 5,314,110 |
| | 25,202,750 | 19,951,874 |
| 2 years — regular instalments | 6,206,947 | 5,746,612 |
| 3 years — regular instalments | 6,485,550 | 5,859,894 |
| 4 years — regular instalments | 6,936,861 | 6,046,861 |
| 5 years — regular instalments | 7,297,988 | 6,427,462 |
| Over 5 years — regular instalments | 174,551,300 | 168,382,596 |
| | 226,681,396 | 212,415,299 |
| Less: allowance for doubtful accounts | 9,049,869 | 5,944,507 |
| | $217,631,527 | $206,470,792 |

5. Promissory notes receivable are comprised mainly of loans made under the Farm Diversification Plan Program of the Province of Manitoba. Since 1976, those loans, which have been made for the purchase of livestock and equipment, have been secured by means of lien notes on the said livestock and equipment. Other loans under this program are unsecured. This program was terminated in December 1978. A summary of promissory notes receivable by years in which the instalments become due is as follows:

| Receivable Within: | 1987 | 1986 |
|---|---|---|
| 1 year | | |
| Accrued interest | $ 97,592 | $ 134,748 |
| Arrears | 696,303 | 729,389 |
| Prepayments | (16,637) | (70,976) |
| Regular instalments | 155,329 | 245,590 |
| | 932,587 | 1,038,751 |
| 2 years — regular instalments | 119,790 | 175,205 |
| 3 years — regular instalments | 88,109 | 134,145 |
| 4 years — regular instalments | 80,980 | 97,487 |
| 5 years — regular instalments | 81,780 | 88,660 |
| Over 5 years — regular instalments | 165,809 | 312,188 |
| | 1,469,055 | 1,846,436 |
| Less: allowance for doubtful accounts | 689,256 | 887,450 |
| | $ 779,799 | $ 958,986 |

# Notes to the Financial Statements

for the Year ended March 31, 1987

6. Security agreements receivable consist of advances made to farmers who are registered with the Manitoba Beef Commission and total $2,523,861 (1986 — $3,823,138) less the allowance for doubtful accounts of $45,410 (1986 — $56,381). These advances are mainly repayable to the Corporation within fourteen months of disbursement.

   At March 31, 1987, accrued interest of $68,293 (1986 - $130,892) and arrears of $208,936 (1986 - $196,935) are included in the total security agreements receivable.

7. Asset account balances are shown net of the following allowances for doubtful accounts (Note 2c)):

| Asset | Allowance March 31/86 | Adjustment Required 1986/87 | Accounts Written-Off 1986/87 | Required Allowance March 31/87 |
|---|---|---|---|---|
| a) The Agricultural Credit Corporation Act | | | | |
| Accounts receivable — rent | $ 484,175 | $ 853 | $ 131 | $ 484,897 |
| Stocker program | 237,704 | 93,315 | 84,135 | 246,884 |
| Mortgages, chattels and agreements | 5,944,507 | 4,878,623 | 1,773,261 | 9,049,869 |
| Promissory notes | 887,450 | (34,198) | 163,996 | 689,256 |
| Security agreements | 56,381 | (10,800) | 171 | 45,410 |
| | $ 7,610,217 | $ 4,927,793 | $ 2,021,694 | $ 10,516,316 |
| b) Part III - The Fisheries Act | | | | |
| Loans receivable | $ 335,734 | $ 99,382 | $ 22,430 | $ 412,686 |

8. Real estate consists of purchases for the land lease program, at cost, and foreclosures and quit claims, at the lower of the foreclosed amounts and quit claims amounts or appraised values. Approximately 97% of this real estate has been leased, 90% of which is subject to an option to purchase.

9. The advances from the Province of Manitoba consisted of the following at March 31:

| | 1987 | 1986 |
|---|---|---|
| a) The Agricultural Credit Corporation Act: | | |
| Advances repayable in equal annual blended principal and interest instalments: | | |
| Rates range from 7.5% to 13.375% | $ 225,853,258 | $ 207,901,303 |
| Advances repayable at maturity: | | |
| 11% due May 1, 1989 | 10,000,000 | 10,000,000 |
| 12.74% due March 3, 2000 | 8,850,000 | 8,850,000 |
| | $ 244,703,258 | $ 226,751,303 |

9. (Continued)

Maturities of principal by fiscal year are as follows:

| | | |
|---|---|---|
| 1987 | — | $ 12,320,857 |
| 1988 | 12,576,917 | 8,962,440 |
| 1989 | 13,331,906 | 8,550,703 |
| 1990 | 20,225,903 | 19,145,395 |
| 1991 | 10,986,112 | 9,824,231 |
| 1992 | 9,865,064 | 9,047,414 |
| 1993 through 2017 | 177,717,356 | 158,900,263 |
| | $ 244,703,258 | $ 226,751,303 |

b) Part III of The Fisheries Act:

| | | |
|---|---|---|
| Advances repayable on demand, interest payable at prime rates | $ 4,800,000 | $ 3,700,000 |

10. **Deficit Account**

During the year ended March 31, 1986, the Province of Manitoba changed the basis for funding the allowances for doubtful accounts under The Agricultural Credit Corporation Act. Previous to that year the Province provided funds to cover the increase in the allowances each year but this practice was discontinued and now the Province provides funds only on accounts actually written off by the Corporation. To initiate this change in funding policy, the Corporation refunded $5,325,064 to the Province in 1986, being the balance of the allowance for doubtful accounts as at March 31,1985.

This change in funding policy has resulted in increasing the excess of expenditure over revenue for the year ended March 31, 1987 by $2,906,098 (1986 - $2,285,153).

11. The Province of Manitoba provided $6,030,665 for the 1985-86 interest reduction program. Of this amount, $3,695,882 was paid directly by the Corporation to farmers. The balance of $2,334,111 was retained by the Corporation and credited to client accounts in arrears.

12. During the year ended March 31, 1987, the Corporation sold eighteen of its properties. The results were as follows:

| | Number of Sales | Sales Proceeds | Cost | Gain |
|---|---|---|---|---|
| Sale to Lessee | 1 | $ 99,000 | $ 93,283 | $ 5,717 |
| Sales by Public Tender | 17 | 1,029,406 | 888,985 | 140,421 |
| | 18 | $ 1,128,406 | $ 982,268 | $ 146,138 |

The gain of $5,717 on the sale to the lessee resulted from adjustments on the exercise of purchase options by the lessee of the previously charged lease rates to the lending rates in effect at the date of the lease.

The total gain of $146,138 (1986 — $128,455) has been included in real estate revenue of $1,203,253 (1986 — $1,077,446).

# Notes to the Financial Statements

for the Year ended March 31, 1987

13. Funds approved but not disbursed as at March 31 amounted to:

| | 1987 | 1986 |
|---|---|---|
| a) The Agricultural Credit Corporation Act: | | |
| Direct loans | $ 4,588,720 | $ 4,898,731 |
| Corporate loans | 842,836 | 453,303 |
| Refinancing program — regular | 1,183,443 | 2,683,391 |
| — corporate | 462,407 | 293,670 |
| Part-time farmers | 117,775 | 226,600 |
| Stocker program | 1,755,546 | 1,332,951 |
| Land lease program | 3,501 | 3,501 |
| Crown land loans | 56,350 | 36,780 |
| Security agreements | 101,275 | 691,924 |
| | $ 9,111,853 | $ 10,620,851 |

The Corporate loans amount includes $283,891 which represents performance bond guarantees to agricultural marketing agencies.

| | | |
|---|---|---|
| b) Part III of The Fisheries Act: | | |
| Direct loans | $ 269,830 | $ 234,176 |

14. At March 31, 1987, the Corporation was contingently liable as guarantor of loans made under The Agricultural Credit Corporation Act by lending institutions as follows:

a) The Corporation is liable under its guarantee for losses sustained by the lending agencies on loans to individual farmers but the amount of liability to any one agency cannot exceed 10% of the total guaranteed loans made by the agency during a guarantee period. The last of these guarantees was given during the 1983-84 fiscal year. At March 31, the Corporation's contingent liability on the basis of 10% of loans made by agencies during the previous guarantee periods was:

| | 1987 | 1986 |
|---|---|---|
| For the thirty-nine month guarantee period ended March 31, 1981 | $ 87,931 | $ 87,931 |
| For the three year period ended March 31, 1984 | 67,000 | 67,000 |
| | $ 154,931 | $ 154,931 |

b) The Corporation also fully guarantees loans to individuals for the purpose of farming. The last of these guarantees was given during the 1982–83 fiscal year. At March 31, 1987, these guaranteed loans amounted to $1,059,685 (1986 — $1,193,475).

c) Effective April 1, 1983, a Guaranteed Operating, Loan program was introduced. Under this program the Corporation guarantees 12 1/2% of the aggregate total guaranteed loans made by each participating lending institution. As of March 31, 1987, the Corporation's contingent liability amounted to $5,001,020 (1986 — $4,943,721). A partial provision for this contingency has been made in the financial statements in the amount of $2,819,050 (1986 — $911,056).

**The Manitoba Agricultural Credit Corporation**

# Notes to the Financial Statements

for the Year ended March 31, 1987

15. The Corporation administers the agricultural portion of the Manitoba Interest Rate Relief Program for the Province of Manitoba. The Province has provided grants and deferred recoverable advances to farmers under this Program which was initiated during the 1982-83 year. The Corporation monitors compliance with the conditions of the program, collects amounts due and remits them to the Province.

16. The Government of the Province of Manitoba provides the service of legal counsel, a computer system programmer/analyst and other miscellaneous administrative service at no charge to the Corporation.

17. **The Manitoba Mediation Board Expenses**

    During the year ended March 31,1987, The Manitoba Mediation Board was established under Part II of The Family Farm Protection Act. Expenses of $14,637 paid by the Corporation on behalf of the Board covered initial start-up costs for advertising ($11,723) and stationery ($2,914) incurred by the Board.

18. **Comparative Figures**

    Comparative figures for the year ended March 31, 1986, have been restated where necessary to conform with the presentation adopted for March 31, 1987.